

(1) I. ARSLAN
(2) ourselves, decided with Private Label and
(3) Atateks to relax Target people in the
(4) headquarters because they were looking at the
(5) NLC reports usually and maybe we shipped out of
(6) Turkey at that time for the same orders. So,
(7) instead of made in Jordan we shipped maybe some
(8) part made in Istanbul, made in Turkey.

(9) I am not sure. I can check it and come
(10) back to you with certain answers.

(11) Q. I thought I heard you say that there
(12) were efforts to contact Target directly because
(13) of the National Labor Committee report?

(14) A. No. I was trying to tell this way. We
(15) were acting together with Private Label company.
(16) We had a meeting in their office also. We have
(17) mails, writing each other to consult each other
(18) what to do with Target. And Nilda Corchado and
(19) Christine Dente assisted us, also, how to
(20) approach. Because there was a reality. There
(21) is no problem. I mean there might be some minor
(22) steps to be taken but they don't cause you to
(23) shut down or go out of the matrix. So, we are
(24) consulting each other what to do.

(25) Q. When you were consulting each other, was

(1)

I. ARSLAN

(2)

it because Target was saying there was a problem
with Jordan?

(4)

A. Yes. They were saying, as Jordan they
were concerned. As Jordan as a country, not
only as Atateks. Because the problem was a
country problem for them, not Atateks problem.

(8)

Q. Were there any efforts on the part of
Atateks to contact Target directly without
Private Label?

(11)

A. For this issue, you mean?

(12)

Q. Yes.

(13)

A. I don't think so. I don't think so
because if you mean direct contact with
their auditors, yes. Their auditors come to the
factory.

(17)

Q. Not necessarily the auditors, but to the
company Target with respect to this issue of the
Jordanian plant?

(20)

A. Frankly speaking, I don't recall if we
wrote directly to Target at all. If we are
allowed or not, I don't recall but I am sure we
did it through Cristine Dente's consult because
she knew the actual customer, Target, better
than us. This way we were trying to communicate

- (1) I. ARSLAN
- (2) with Target. I don't know if it was a direct
- (3) message or through Private Label. I am not
- (4) sure.
- (5) Q. Did there come a time that you were
- (6) informed that Target was not going to accept
- (7) production from Atateks?
- (8) A. Repeat.
- (9) Q. Did there come a point in time when you
- (10) were informed that Target was not going to
- (11) accept garments made, produced by Atateks?
- (12) A. That I am not sure. I mean from Jordan,
- (13) right? Not from Atateks, right?
- (14) Q. Let's start with Jordan. From Jordan.
- (15) A. From Jordan? I am not sure if we were
- (16) suspended. If you are suspended that means you
- (17) are not out of the production matrix but you
- (18) need to take some steps to ship again. That's
- (19) why I am not pretty sure if we were suspended or
- (20) not because many communications occurred at that
- (21) time. Maybe we shipped through Turkey with the
- (22) suspension or not. I am not pretty sure.
- (23) Q. Did there come a time when all shipments
- (24) from Jordan, I mean Atateks, Jordan stopped to
- (25) Target?

(1)

I. ARSLAN

(2)

A. At the point of time, if you say like that, maybe at the audit process it might have occurred. Maybe a couple of months. I am not sure though because the situation was like somehow Basul was insistent on Turkish production because they don't have any office in Jordan. And that's why we are not sure if it was Target or Basul impose for us to ship out of Turkey or not. Do you understand me? We cannot be sure if it was Target or Basul. I am not sure.

(13)

Q. Did Basul ever tell you that Target would not accept any garments made by Atateks, Jordan?

(16)

A. As far as I remember, yes. They were saying Target is concerned about Jordan but I don't recall if they were not going to accept any shipment. I don't recall that. What I recall is they have concerns with Jordan as a whole. That's what I remember, yes.

(22)

Q. Do you recall ever being told that Target would not take any products from Atateks, period, whether Turkey, Jordan or anyplace else?

(25)

A. I don't think we had never been out of

- (1) I. ARSLAN
- (2) production as Atateks for Target. So, we were
- (3) in the product list all the time as far as I
- (4) know.
- (5) Q. Did there come a time when there were no
- (6) more orders to fill by Atateks that would go to
- (7) Target?
- (8) A. No. We had always orders from Target
- (9) after those audits, et cetera. We had shipped a
- (10) lot of orders, too. That's why when you say at
- (11) the point of time if there has been something
- (12) but I am not sure. We had orders and we kept
- (13) shipping orders, either Turkey or later on
- (14) Jordan, I don't know.
- (15) Q. Do you know if Atateks is shipping any
- (16) goods today to Target?
- (17) A. Repeat.
- (18) Q. Do you know if today Atateks is making
- (19) goods that are shipped for selling and ordered
- (20) by Target?
- (21) A. Today I would have to check because I am
- (22) away from the company about a year. But at the
- (23) time I was the general manager, we were
- (24) receiving no orders from Private Label Sourcing.
- (25) * At the time I was general manager, it was

(1)

I. ARSLAN

(2)

stopped but I don't think it was due to Target's approach because our relationship with Private Label Sourcing, due to the payments was bad so we were not doing business with Private Label Sources. So, we were not doing business with Target; in other words because the only connection with Target was Private Label Sourcing for us.

(10)

Q. You indicated that Private Label was a major customer, correct?

(12)

A. Yes.

(13)

Q. What did Atateks do after it no longer was receiving orders from Private Label?

(15)

A. Repeat.

(16)

Q. What did the Atateks Group do in terms of trying to build or restore its business after it no longer was receiving orders from Private Label?

(20)

A. Actually, our relationship went bad due to the payments, not due to the orders.

(22)

Q. My question was different. It was what did Atateks Group do when it no longer was receiving orders from Private Label? What did you do in order to do business?

- (1) I. ARSLAN
- (2) A. You mean with Target?
- (3) Q. With other companies.
- (4) A. We were going ahead with business with
- (5) all other companies. We were doing business.
- (6) We kept doing business. We never stopped
- (7) business with the United States market. Target
- (8) is not the only customer. Private Label is not
- (9) the only customer. We are doing business still.
- (10) Q. Was there any particular reason that you
- (11) left the Atateks company that you were with
- (12) about a year ago?
- (13) A. No. It was family. Personal.
- (14) Q. What do you mean by family?
- (15) A. It was personal issue with my brother.
- (16) I was asking for independence in finance.
- (17) That's why I took my share. It was totally
- (18) irrelevant to this matter here.
- (19) Q. Did you get into an argument with your
- (20) brother?
- (21) A. About what?
- (22) Q. Did you get into an argument with your
- (23) brother that resulted in your leaving the
- (24) company?
- (25) A. No. He is my brother. In culture, the

(1) I. ARSLAN

(2) older is -- you know, we have to respect older
(3) and we don't argue a lot. We speak and we come
(4) to a conclusion.

(5) Q. And was the conclusion here that you
(6) were going to leave the company?

(7) A. At the moment I am totally, yes, away in
(8) terms of finance. I mean my pocket is different
(9) than my brother's pocket. Separate pockets we
(10) have. But we have no argument. I am an
(11) assistant for the old company. I am no longer
(12) with the group.

(13) Q. Would you describe the role that you do
(14) have, when you said assistant?

(15) A. Assistant now?

(16) Q. Yes.

(17) A. We are owed a certain amount at the
(18) point that I was operating the company and I am
(19) more knowledgeable than Ihasn. Because he is
(20) C.E.O., he doesn't know operational details. He
(21) cannot know as much as I know and in
(22) detail-wise, sales executive people know more
(23) details than me but I am looking at the big
(24) picture. Ihasn is looking at the bigger
(25) picture. And here I am just for a fair

(1) I. ARSLAN

(2) conclusion.

(3) Q. Who is Bahar?

(4) A. Bahar used to be area executive manager
(5) as we call her. Area manager means she was
(6) authorized for the U.S. market sales for Atateks
(7) Seamless Factory.

(8) Q. You said, "used to"?

(9) A. Yes. She left the company.

(10) Q. When did she leave the company?

(11) A. About a year or so.

(12) Q. About the same time as you?

(13) A. No. After me.

(14) Q. How long after you?

(15) A. I don't recall. Maybe a month or so.

(16) Maybe.

(17) Q. Was there any particular reason that you
(18) know of that Bahar left the Atatek company?

(19) A. They were not agreed to each other with
(20) Ihasn and Bahar anymore.

(21) Q. Can you explain that?

(22) A. Ihasn, C.E.O., he didn't like the way
(23) she does the business. That's why they were
(24) separate.

(25) Q. Were you satisfied with her way of doing

- (1) I. ARSLAN
(2) business?
(3) A. Some part yes. Some part no.
(4) Q. What part yes?
(5) A. She was untidy.
(6) Q. What do you mean untidy?
(7) A. Untidy means, you know --
(8) Q. Her office?
(9) A. I mean her work. Whatever she writes
(10) was incomplete. She had to be more cautious, I
(11) believe. But she was good in approaching the
(12) customers. She had good skills and also some
(13) skills had to be improved. I believe. This is
(14) my view point. She might feel different.
(15) Q. Is the Atateks Seamless company still
(16) operating?
(17) A. Correct.
(18) Q. What volume of business does it do, do
(19) you know?
(20) A. Pardon.
(21) Q. Do you know what volume of business,
(22) approximately, that the Atateks Seamless company
(23) does?
(24) A. At the moment?
(25) Q. Yes.

(1) I. ARSLAN

(2) A. I am not pretty sure. I can guess but I
(3) am not pretty sure.

(4) Q. What's your best estimate based on your
(5) knowledge?

(6) A. Around 30 million U.S. dollars maybe. I
(7) am not sure.

(8) Q. You have referred to your leaving the
(9) company about a year ago. Can you be a little
(10) more specific in terms of month and year.

(11) A. I am not very specifics as to now, yes.
(12) I delegated my tasks officially maybe around
(13) April, May of 2007 but actually it took like
(14) more than six months to delegate, to deliver
(15) them. Once you decide, you don't quit next day
(16) because some people has to take all the
(17) obligations, responsibilities, and the new guy
(18) is from our company, a young guy and he took all
(19) the responsibilities step by step from me and he
(20) became general manager. He used to be our
(21) production director. He became general manager.
(22) It is not specific to one cut of dates. Step by
(23) step we delegated our tasks.

(24) MR. BYLER: Off the record.

(25) (Brief recess was taken.)

(1) I. ARSLAN

(2) FURTHER EXAMINATION

(3) BY MR. BYLER:

(4) Q. You identified a person by the name of
(5) Bahar. What is her full name?

(6) A. B-A-H-A-R. Surname, A-K-B-U-L-U-T.

(7) Q. How long, if you know, was she with the
(8) Atateks Group companies?

(9) A. I don't recall. Three years or so. I
(10) am not sure.

(11) Q. Was she there when you started with the
(12) company?

(13) A. No. She came after a couple of years.
(14) I have to check. I have to check. About three
(15) years maybe.

(16) Q. About three years in relation to what?
(17) You said three years. Three years in relation
(18) to --

(19) A. She worked as sales managers and later
(20) on when the department got bigger expanded, she
(21) became area sales manager.

(22) Q. What responsibility did that entail?

(23) A. She always carried the responsibility to
(24) find new clients, new customers, sales to the
(25) new customers and also the current customers,

(1)

I. ARSLAN

(2)

she is handling. She had geographically all in the U.S. market. So, whatever comes from U.S. market for Private Label production, she was handling. There was also our own branch that was out of her area.

(7)

(8)

(9)

(10)

(11)

Q. Did she have any responsibilities that entailed her coordinating with the production plants of the Atateks Group? Did she coordinate at all? Did she do any work in connection with production?

(12)

(13)

A. Production, no. She was always in sales.

(14)

(15)

Q. Did she contact or communicate with production people at Atateks?

(16)

A. Of course.

(17)

(18)

Q. What was the nature of those communications?

(19)

(20)

(21)

A. She was carrying information of the customer to the production people, plant and people.

(22)

(23)

(24)

(25)

Q. Production information in terms of what was to be produced? Is that what you mean by production information, what was to be made and sold?

(1)

I. ARSLAN

(2)

A. Yes. Yes. A sample, the details,

(3)

technical details sheet to be delivered to the production. We had a lot of departments. They were all working in accordance and she was making the communication between departments.

(4)

Production departments do not communicate with the customers. Sales department communicates with the customers. So, she was coordinating them. She had some salespeople under her. She was also managing that department.

(5)

Q. Did she similarly have any contact within the Atateks Group with the finance people at Atateks?

(6)

A. That contact, yes. There was that kind of contact because they were also checking if the payments come or not because their duty was not just to sell, to follow up the payments with the finance people and accounting people. Just to follow up, though.

(7)

Q. You indicated earlier there was a Target LC?

(8)

A. Yes.

(9)

Q. And that was the way you were paid when you delivered directly to Target, correct?

- (1) I. ARSLAN
- (2) A. Correct.
- (3) Q. Were you able, when you had the benefit
(4) of this Target LC to do anything in terms of
(5) further finance as a result of being able to
(6) draw down on the Target LC?
- (7) A. That's information which finance people
(8) know. They might have. Sometimes they might
(9) not.
- (10) Q. Were they able to go to a factor to get
(11) monies off the LC?
- (12) A. Depends. I am not sure. Finance people
(13) know better. I don't know. Sometimes yes.
(14) Sometimes no. Depends on Turkish communication
(15) to bank acceptance or not, I don't know.
- (16) Q. When you were with the Atateks company
(17) from 2002 on, did the company grow in the number
(18) of total sales that the company had?
- (19) A. As a group?
- (20) Q. Yes.
- (21) A. Yes.
- (22) Q. Was the sales to Target a contributing
(23) factor to that growth?
- (24) A. Yes. As everybody.
- (25) Q. How much of a factor was it?

(1)

I. ARSLAN

(2)

A. I can't answer that clearly but Atateks Group was making around 165 million U.S. dollars sales value. So, you compute how much it is. I don't know how you want to approach; in terms of profit, in terms of sales portion. I don't know how you want to approach.

(3)

(4)

(5)

(6)

(7)

(8)

(9)

(10)

Q. Let me go to a different subject and we will come back to that. Do you understand the word charge back?

(11)

A. Yes.

(12)

(13)

Q. What's your understanding of the word charge back?

(14)

(15)

(16)

A. Charge back is your customer charges you back. That means they are debiting you. That's what I understand.

(17)

(18)

Q. When you say customer, in this context one customer was Private Label?

(19)

A. Correct.

(20)

(21)

Q. So, a charge back would be applied to an amount on a purchase order?

(22)

A. Would you repeat.

(23)

(24)

Q. How would the charge back be manifested in terms of the debit?

(25)

A. Normally, it should tell you why did

(1) I. ARSLAN

(2) that occur. It should be attached to a
(3) shipment.

(4) Q. How was it attached to the shipment?

(5) A. If there is any liability for us and if
(6) it didn't accomplish that liability then they
(7) are telling us, you are charged back this much
(8) due to this invoice, due to this, et cetera.
(9) Should be that way. This is the optimum how it
(10) should be but it doesn't apply every time.

(11) Q. Is it applied toward the purchase order,
(12) when you say attached?

(13) A. Why is there a charge back, it should be
(14) explained thoroughly.

(15) Q. I understand explained but is the effect
(16) of the charge back applied against the amount
(17) shown in the purchase order?

(18) A. No. It doesn't necessarily.

(19) Q. How does it take effect, the charge
(20) back?

(21) A. They have to communicate with us and we
(22) have to accept it. Then you can apply it.

(23) Q. How is it applied? That's what I am
(24) asking.

(25) A. What do you mean?

(1) I. ARSLAN

(2) Q. When you had an accepted charge back,
(3) how was it applied? You used the word
(4) "applied". How was it applied?

(5) A. We have to make it written that we
(6) accepted that charge back. Our finance people,
(7) our accounting people has to give a confirmation
(8) for it. Then it means it is an accepted charge
(9) back. Am I clear?

(10) Q. Not entirely. When you say accepted the
(11) charge back, is it applied against a specific
(12) purchase order?

(13) A. A specific purchase order? Yes. Should
(14) be. Should be.

(15) Q. Are there different reasons for charge
(16) backs?

(17) A. We are doing business and due to the
(18) business there should be a charge back. I don't
(19) know how to tell that.

(20) Q. Was one kind of charge back occurring
(21) when there would be a late shipment discount?

(22) A. So, how much it should be if there is a
(23) late shipment, you mean?

(24) Q. I am not saying this was appropriate or
(25) not. I am asking, is one kind of charge back

(1) I. ARSLAN

(2) resulting from a late shipment discount?

(3) A. It is situational. For each shipment,
(4) for each order, for each time, we communicate
(5) with Private Label. So, it is not a fixed thing
(6) that there is a charge back rate like this or
(7) like that, et cetera. From each situation we
(8) make, actually a bargain or usually we make it
(9) as a courtesy. So, to keep the relationship
(10) going, you communicate. So, there is no
(11) something like fixed charge backs are accepted
(12) like this. There is no such a thing.

(13) Q. I understand that. Let me ask you this
(14) way. What reasons might there be for a charge
(15) back to occur? What would cause there to be a
(16) charge back?

(17) A. I see. If there is quality problem,
(18) okay, which done by us and which is inspected a
(19) certain time, I mean, accepted at a certain
(20) time, not three years later, you know, it should
(21) be at appropriate time, also. If we are late,
(22) late, okay, and if the responsibility of
(23) becoming late is on us, then it is open bargain
(24) with Private Label and us. It is always like
(25) this.

- (1) I. ARSLAN
- (2) Q. What about expediting charges? Was
(3) there such a thing?
- (4) A. What is that?
- (5) Q. Expediting. Do you understand the
(6) phrase expediting?
- (7) A. I am not sure. Can you give me the
(8) meaning? Expediting. I know expediter, like.
- (9) Q. Expedite means make faster.
- (10) A. Make faster.
- (11) Q. You had to ship faster?
- (12) A. I see.
- (13) Q. Was one reason for a charge back that
(14) there were certain charges in connection with
(15) having to go faster in terms of the shipment?
- (16) A. Depends. If we agree for expediting,
(17) yes, we should cover it. But if we did not
(18) agree with expediting, it is not us. Our
(19) responsibility is to deliver to the container,
(20) which is sent by our customer to us. If it is
(21) air freight, to the reserve air freight we
(22) deliver it from or factory. Sometimes if we are
(23) late for another reason, we sometimes split.
(24) The reason is because it is not only one
(25) person's or one company' mistaken. Sometimes

(1) I. ARSLAN
(2) all three companies' mistaken. We can share it
(3) or something like that.

(4) Q. Were returns ever an occasion for a
(5) charge back?

(6) A. Pardon.

(7) Q. Return of some garments that were made
(8) per purchase order. Returns.

(9) A. Yes.

(10) Q. Send backs.

(11) A. Okay.

(12) Q. Was that a reason, at times, for a
(13) charge back?

(14) A. Depends. If the return is due to our
(15) fault or not, we have to examine that. Because
(16) sometimes they're just returning it if the sales
(17) are not good. Should we accept it or not, it
(18) should be bargained.

(19) Q. When it is accepted, that was a charge
(20) back at times? Every now and then there would
(21) be a charge back for returns?

(22) A. If we return something or not, you mean?

(23) Q. Private Label returned something to you.

(24) A. See, returns are not only due to our
(25) mistake or something. That's why I want to

(1)

I. ARSLAN

(2)

discriminate that. Sometimes we help them to sell their closeouts. It is not a return. It is not a charge back. It is not a charge back there. There is another business. If they accepted a quality problem, because the process was like this, we are allowed to ship with their forwarder, their expediter, their containers, not ours. They reserve it. They send it on time, whatever it is agreed, and we are allowed to ship on that container only. We cannot decide when to ship, where to ship, which forwarder to ship. We delivery it from our factory. So, then we should go one-by-one with the cases, what happened for the charge back. So, it depends. If our responsibility is finished because their inspection certificate, customer is sending the containers, so where is our responsibility ending? Normally at the door of our factory.

(21)

Q. When you say their shipper, their expediter, so on, who is "they"? Is it Private Label or Target?

(24)

A. Both. All the time customers, because we ship FOB basis, free on board basis.

(1)

I. ARSLAN

(2)

Whenever the goods are dispatched from the factory, our responsibility ends. Understand me?

(5)

Q. Yes.

(6)

A. Normally it is always like that. Unless it is another arrangement for that specific shipment.

(9)

Q. Did cancellations ever occur in the course of the business?

(11)

A. Yes.

(12)

Q. Why did they happen?

(13)

A. I recall one time.

(14)

Q. Explain the one.

(15)

A. Target cancelled an order, 62,000 pieces, as far as I recall. At the end of the programs, usually it occurred. If they were not happy with the sales which might occur or you know -- that has happened, due to that. For instance, it might occur. Cancellation, the only cancellation I remember is that. If you want me to check, I could check the records, if there are more cancellations or not.

(24)

MR. BYLER: Let's mark as

(25)

Defendant's Exhibit 5 a document.

(1) I. ARSLAN
(2) (Debit note was marked Defendant's
(3) Exhibit 5 for identification, as of this
(4) date by the reporter.)

(5) Q. What I have marked as collective
(6) Defendant's Exhibit 5, documents from Private
(7) Label. Defendant's 5, which is on the form
(8) called debit note and I want to note to your
(9) attention, "please see attached charge backs."
(10) I am going to show the document now to the
(11) witness and it is, by the way, this is debit to
(12) Atateks. Take a moment to look at the document
(13) and then I will ask you some questions.

(14) A. Do we have a question?

(15) Q. I asked you to look at the document
(16) first. Do you see in the middle of the page
(17) there, "please see attached charge backs"?

(18) A. Mm-hmm.

(19) Q. You have to say yes or no.

(20) A. Yes. I see.

(21) Q. You had indicated in your testimony, did
(22) you not, that there would be documentation of
(23) charge backs, correct?

(24) A. There must be, yes.

(25) Q. That charge back documentation would

- (1) I. ARSLAN
- (2) indicate some kind of debit from Atateks to
- (3) Private Label, correct?
- (4) A. Correct.
- (5) Q. In this particular charge back it
- (6) references, does it not, expediting charges?
- (7) A. Some of them expedite is written here.
- (8) Q. Does this document reflect a charge back
- (9) from Private Label to Atateks?
- (10) A. It reflects that but it does not reflect
- (11) if we accepted or not.
- (12) Q. What I was interested in establishing is
- (13) when you referred to documentation in your
- (14) answer of charge backs, this is the kind of
- (15) documentation that would exist in terms of
- (16) showing a charge back had been made?
- (17) A. Not necessarily. It is not complete
- (18) though. Why? Do you want me to answer? This
- (19) is a charge back from Target to Private Label
- (20) and Private Label is putting that charge back on
- (21) our account. If the responsibility for this
- (22) charge back, the reason is caused by Private
- (23) Label, it doesn't mean anything to us. You
- (24) understand me? Am I clear? So, my customer was
- (25) Private Label Sourcing. In shipping to Private

(1) I. ARSLAN
(2) Label Sourcing company and Private Label
(3) Sourcing company is putting some extra documents
(4) between Target and Private Label Sourcing and
(5) asking us to debit to our account. But as I
(6) said, production is a process. There is a time
(7) and action plan called V.T.A. If Private Label
(8) company did not abide with the VTA, we wouldn't
(9) accept this. Do you understand?

(10) They have responsibilities to deliver us
(11) on time for the purchase orders. So, purchase
(12) order doesn't mean it includes all the details
(13) for the production. Some information to be
(14) received by us in certain times according to the
(15) V.T.A. If they didn't abide with that, that
(16) means it is their responsibilities for this
(17) debit, not us.

(18) Q. Was it Bahar that handled those details
(19) in terms of color and those detailed items?

(20) A. As far as I recall, not only Bahar. She
(21) had assistants, sales executive people such as
(22) Yasemin Uzelli. And also Yasemin Uzelli has a
(23) team under her. Her assistant, accounting team,
(24) a lot of teams, yes.

(25) Q. Does Yasemin report to Bahar?

(1) I. ARSLAN

(2) A. She reports to Bahar.

(3) MR. BYLER: Let me mark as

(4) Defendant's Exhibit 6 for identification
(5) another invoice.

(6) (Invoice was marked Defendant's
(7) Exhibit 6 for identification, as of this
(8) date by the reporter.)

(9) Q. Before I go to Defendant's 6, is
(10) Yasemin, an individual reflected on Defendant's
(11) Exhibit 5, still with Atateks?

(12) A. No.

(13) Q. What happened with her?

(14) A. She wanted to transfer to brand
(15) department called Morera. She worked there a
(16) couple of years in some other title, she worked,
(17) also and she left the company maybe six months
(18) ago or something. I am not pretty sure but not
(19) very late. Within this year, she left the
(20) company.

(21) Q. Was that voluntarily on her part or was
(22) she terminated involuntarily?

(23) A. I don't have that information.

(24) Q. I have marked Defendant's 6, another
(25) invoice document from Private Label to Atatek.

(1)

I. ARSLAN

(2)

I want you to take a look at it and see what the description is of this one. Tell me when you're ready.

(3)

A. What is your question?

(4)

Q. I asked you first of all to look at the document and tell me if you're ready. You're ready to answer?

(5)

A. Yes.

(6)

Q. Does this document reflect a charge back for a cancellation of a particular kind of garment?

(7)

A. It looks like. I am not pretty sure.

(8)

The description.

(9)

Q. Could you read the description for a moment. Charging back the factory means Atateks, correct?

(10)

A. Correct.

(11)

Q. Would this reflect a cancellation such that you indicated that did happen? Were there cancellations of goods at times in the course of doing business with Private Label?

(12)

A. I recall only one. I don't know how many happened. I can have it checked, but here it says, "cancelled goods and freight costs." I

(1) I. ARSLAN
(2) don't know what the reason is, this is cancelled
(3) goods and freight costs only or whatever. It is
(4) not clear. It not clear.

(5) Q. Yasemin, she's left the company,
(6) correct?

(7) A. Correct.

(8) Q. Is there anybody at the company still
(9) there, Atateks company that worked in this group
(10) under Bahar?

(11) A. Under Bahar, working with Private Label
(12) only or some other client?

(13) Q. That worked in connection with Private
(14) Label for Atateks, under Bahar.

(15) A. I am not sure. There is a lady who
(16) should have worked also with Private Label.
(17) Maybe yes. Maybe no. I don't know. The others
(18) in the sales department, they all left. Maybe
(19) there is one. There is one. I don't know if
(20) she was working for Private Label.

(21) Q. Do you remember her name?

(22) A. Her name?

(23) Q. Yes.

(24) A. Her name is Ezra Akyol. She is in the
(25) company but I don't know if she was dealing with

(1) I. ARSLAN

(2) Private Label. But Bahar, Yasemini, they left.

(3) They were the main persons.

(4) Q. Were you ever personally involved in
(5) dealing with charge backs involving Private
(6) Label?

(7) A. Yes.

(8) Q. What was your involvement?

(9) A. Sometimes information was coming to me
(10) through e-mails or through phone calls. I used
(11) to interfere, which I would make the phone call
(12) or e-mail to Basul or Christine Dente or Nilda
(13) Corchado.

(14) Q. What was being communicated?

(15) A. It was usually like this. There has
(16) been a charge back requirement. A debit note is
(17) issued from Private Label or even -- it is not
(18) issued. I don't know, but through the e-mails I
(19) was ccd. As a courtesy, I used to interfere.
(20) If something is serious, to help everybody to
(21) keep the relationship smooth, I used to
(22) interfere. That happened a couple of times,
(23) yes.

(24) MR. BYLER: Let's mark as

(25) Defendant's Exhibit 7 a document from

- (1) I. ARSLAN
- (2) defendant's production. Looks like
- (3) cancelled checks.
- (4) (Checks were marked Defendant's
- (5) Exhibit 7 for identification, as of this
- (6) date by the reporter.)
- (7) Q. Can you take a look at the document
- (8) first?
- (9) A. Yes, I do.
- (10) Q. Do you recall if there was a practice of
- (11) Private Label providing checks to Atateks that
- (12) would be then cancelled upon payment by wire?
- (13) A. Yes. That happened.
- (14) Q. What was your understanding of that
- (15) procedure?
- (16) A. That means if this is a cancelled check
- (17) HSBC Bank cancelled this check. That means we
- (18) had put that check for cashing but instead of
- (19) cashing it, sometimes Private Label company wire
- (20) transfers us the money. So, since we have the
- (21) money, amount of the check or some part of the
- (22) check, we cancel it and give it back. We don't
- (23) cash the check, in other words.
- (24) Q. How did you give it back?
- (25) A. That I should ask to finance department.

- (1) I. ARSLAN
- (2) I don't know if it is through bank or by post.
- (3) I don't know.
- (4) Q. It was physically returned?
- (5) A. I don't know.
- (6) Q. Was there ever a situation where you
- (7) cashed checks or attempted to cash these types
- (8) of checks and there was a problem?
- (9) A. I recall some checks were attempted to
- (10) cash but the account was not available to cash
- (11) it.
- (12) Q. What happened?
- (13) A. We could not cash it. We had the checks
- (14) in our hand.
- (15) Q. Were they Private Label checks?
- (16) A. Yes.
- (17) Q. They were? When did that happen?
- (18) A. It should be Private Label checks or
- (19) Christine Dente's private checks. I don't
- (20) recall. We had some checks that could not be
- (21) cashed. That's for sure.
- (22) Q. What did you do with the checks?
- (23) A. We had the checks waiting for the
- (24) payment.
- (25) Q. Still in the possession of the company?

- (1) I. ARSLAN
- (2) A. Yes. We have some checks. We processed
- (3) some checks which couldn't be cashed.
- (4) Q. What then did you do with the checks?
- (5) A. We have it in our files waiting for
- (6) payment. Nothing else. What can we do?
- (7) Q. Is your recollection that there were
- (8) personal checks of Christine Dente?
- (9) A. I don't recall that, if it is Christine
- (10) Dente check or Private Label company check. I
- (11) don't recall that but I am pretty sure we have
- (12) some checks that couldn't be cashed.
- (13) Q. Did you then, after you attempted to
- (14) cash the checks and were told that there was not
- (15) money in the account, contact Private Label?
- (16) A. Correct.
- (17) Q. What happened?
- (18) A. They asserted that they have cash flow
- (19) problem. They are going to pay it later. They
- (20) are going to make a schedule, which we never
- (21) received a schedule.
- (22) Q. When did that happen?
- (23) A. In year 2006, and maybe in the early
- (24) 2007, as well, yes.
- (25) Q. Did the bank give you back the check

(1) I. ARSLAN

(2) that was dishonored?

(3) A. Correct.

(4) Q. What did you do with it?

(5) A. You keep it in the file.

(6) Q. Still at the company?

(7) A. Yes. What can you do with the check? I
(8) don't know.

(9) Q. Do you know if they were produced?

(10) A. Pardon.

(11) Q. Do you know if they were given to
(12) defense counsel in this case?

(13) A. I don't know.

(14) MR. GRANNIS: For the record, we
(15) are not sure but we don't think we
(16) produced such checks. If there is a
(17) request for them, we'll produce them.

(18) MR. BYLER: I am making that
(19) request and making it clear.

(20) It would help because the documents
(21) might help establish the real facts,
(22) okay?

(23) MR. GRANNIS: Fine.

(24) Q. In terms of the checks that you were
(25) provided from Private Label in the matter that

(1)

I. ARSLAN

(2)

we have been discussing, was the Atateks Group able to borrow against those checks? In other words, could you put those checks up to a factor or bank and get monies?

(6)

(7)

A. It is finance department's question, not mine, if they used it or not.

(8)

Q. Do you know?

(9)

(10)

(11)

(12)

(13)

A. If they accrued or not, as far as I know, usually it is difficult. It usually is difficult to use a foreign check as a finance. I don't know if they utilized or not. I don't have information. That's finance department.

(14)

(15)

(16)

MR.BYLER: Let me mark as

Defendant's Exhibit 8 the following

document.

(17)

(18)

(19)

(Letter was marked Defendant's

Exhibit 8 for identification, as of this

date by the reporter.)

(20)

(21)

Q. My first question is if you can identify the signature and handwriting.

(22)

A. That's my handwriting. My signature.

(23)

(24)

Q. Can you identify what this document is --

(25)

A. Yes.

(1)

I. ARSLAN

(2)

Q. -- that has your handwriting and your signature?

(4)

A. This one? You want me to translate it?

(5)

Q. Yes. Please.

(6)

A. "These checks are taken from Basul Textile as a guarantee for the business with Private Label Sourcing company and us," means Atateks and us. That's it. And the details of the check.

(11)

Q. Are the details on the checks in U.S. dollars?

(13)

A. One more word. One more sentence.

(14)

"Guarantee this will not be endorsed to another company."

(16)

Q. What kind of checks were these, then?

(17)

A. These checks are guarantee checks for the business done with Private Label Sourcing company. Yes.

(20)

Q. What good were the checks if they weren't to be endorsed? Can you explain that?

(22)

A. Repeat.

(23)

Q. What good were the checks if they weren't to be endorsed? How did they function as a guarantee?

(1)

I. ARSLAN

(2)

A. You see what I am making the statement very clear here. It is for guarantee of the business with Private Label and Atateks. Private Label company somehow did not want to write check for us for their debts. At that time Basul company stepped up, okay, as a guarantor for the business with Private Label company and Atateks. Guarantor means, this check means will not be cashed if Private Label company pays us their debt. This means that. But Private Label company never paid.

(14)

Q. Did you cash those checks?

(15)

A. We tried to cash it, as far as I know. It was after my -- maybe after I did it. I don't recall the exact date. They couldn't be cashed, as far as I know.

(19)

Q. What is the basis of your knowledge or you're not sure?

(21)

A. It's beyond my knowledge. Our finance department knows this, if they tried to cash it or not.

(24)

MR. BYLER: Off the record.

(25)

(Recess was taken.)

(1) I. ARSLAN

(2) FURTHER EXAMINATION

(3) BY MR. BYLER:

(4) Q. I want to go back to Defendant's 8
(5) really quickly, which is your handwritten
(6) document. I want to ask again, you translated
(7) some of the Turkish text which you hand wrote
(8) here, correct?

(9) A. Yes.

(10) Q. What precisely does it say with respect
(11) to not endorsing the checks here when you
(12) translated?

(13) A. This is for guarantee for the business
(14) with Private Label and Atateks business. It
(15) will not be endorsed means, you see, you can
(16) endorse the checks then it goes in the market
(17) from one company to another, to another. Not to
(18) have this kind of headaches in the future for
(19) Basul company, we are taking this check only as
(20) a guarantee for the business with Private Label
(21) and Atateks. It goes ahead. If Private Label
(22) Sourcing company makes their payments, then
(23) these checks will be returned. But they didn't
(24) pay. So, we didn't return it. We tried to cash
(25) it.

(1) I. ARSLAN

(2) Q. You had checks from Private Label, did
(3) you to not? Atateks Group received checks from
(4) Private Label, did you not?

(5) A. Yes. We received.

(6) Q. Was not the amount of those private
(7) checks covering in total, the amount of the
(8) outstanding orders?

(9) A. No.

(10) Q. Was there any advantage in getting
(11) checks from Bahar, in terms of getting loans
(12) from Turkish banks?

(13) A. Yes, we could do that. If we have
(14) checks, you can utilize it as a financial
(15) instrument to be kept in the bank's deposit box
(16) for your business. But you can do that. You
(17) cannot do that. It is up to you. I don't know
(18) if we used it as a deposit or not. The finance
(19) department can answer that.

(20) Q. Could you do that, though, with the
(21) Private Label checks?

(22) A. It's sometimes possible. Sometimes not.
(23) Depends on the bank's requirement.

(24) Q. Do you recall ever having a meeting with
(25) Christine Dente and Basul concerning provision

(1) I. ARSLAN

(2) of these checks which are the subject of
(3) Defendant's Exhibit 8? Do you recall ever
(4) meeting with them concerning these checks?

(5) A. Do I recall a meeting concerning these
(6) checks?

(7) Q. Yes.

(8) A. I remember. I recall we talked about
(9) these checks. I don't know if the meeting was
(10) only for these checks or not but we spoke about
(11) these a couple of times. We wrote each other, I
(12) guess.

(13) Q. What was the substance of the
(14) communications between Basul and Christine
(15) Dente?

(16) A. We were asking for Private Label
(17) Sourcing company to pay their debt to us. They
(18) were not. So, we were asking for some kind of
(19) payment. That was the topic, in short.

(20) Q. Do you recall any communications to the
(21) effect that there was an advantage of having the
(22) checks from Basul, in terms of having them to
(23) use them as a financial mechanism?

(24) A. Yes, it can be used as a financial
(25) mechanism, I guess. Yes. I am not sure but we

(1) I. ARSLAN
(2) should have written some kind of things like
(3) that.

(4) MR. BYLER: I want to mark as
(5) Defendant's Exhibit 9, as a collective
(6) exhibit, invoices from Private Label to
(7) Basul/Atateks and the description being
(8) customer allowance.

(9) (Invoices were marked Defendant's
(10) Exhibit 9 for identification, as of this
(11) date by the reporter.)

(12) Q. Do you see the phrase customer
(13) allowances on this document, Defendant's Exhibit
(14) 9?

(15) A. Do I --

(16) Q. -- see the phrase?

(17) A. Yes.

(18) Q. Do you have an understanding what
(19) customer allowances mean?

(20) A. I don't really understand.

(21) Q. You have no understanding at all?

(22) A. Not thoroughly. If you --

(23) Q. Defendant's Exhibit 9, is it not, is a
(24) collection of invoices from Private Label to
(25) Atateks, reflecting debits for customer

(1) I. ARSLAN

(2) allowances?

(3) A. What does allowance mean? I don't
(4) understand.

(5) Q. That's what I am asking. What do you
(6) understand those customer allowances to be for?

(7) A. I can guess but I am not sure.

(8) Q. Let me ask you this question. Do you
(9) recall your earlier testimony about how Atateks
(10) would pay off the Target letter of credit?

(11) A. Correct.

(12) Q. You talked about some kind of deduction
(13) that involved Private Label, correct?

(14) A. Correct.

(15) Q. Do you recall anything in terms of a
(16) customer allowance in this connection?

(17) A. This is not that thing. What I believe
(18) it is -- I don't know how it is written in
(19) accounting. Normally, normally it should be
(20) like this. I don't know the accounting terms
(21) but in Turkey the way they make their
(22) accounting, but they write into their accounting
(23) after they deduct the amount they should be
(24) receiving the net in our books, as far as I
(25) understand. This should be double booking then.

(1) I. ARSLAN

(2) Q. Do you recall anything in terms of
(3) customer allowances being a debit with respect
(4) to Private Label after you pulled down from a
(5) letter of credit?

(6) A. Would you make it basic.

(7) Q. I refresh your recollect. You discussed
(8) earlier about being paid by Target off the
(9) letter of credit. Do you recall at all if there
(10) were customer allowances in terms of then you
(11) received invoices from Private Label for a
(12) customer allowance in connection with that draw
(13) down?

(14) A. What I don't get is when there is a QC -
(15) QC is quality control acronym - it shouldn't be
(16) related to that, I believe.

(17) Q. Let me go at it this way. With respect
(18) to your testimony about being paid on the letter
(19) of credit, a letter of credit was opened in your
(20) favor, in Atateks favor, right?

(21) A. Correct.

(22) Q. How does Private Label deduct anything
(23) directly from the letter of credit if the letter
(24) of credit is drawn to the favor of Atateks?

(25) A. They're the notified party and they have

(1) I. ARSLAN
(2) the same privilege, which means we can get out
(3) money after they deduct their money. This is as
(4) far as I know. But this is all I know.

(5) Q. Do you have any understanding or
(6) information concerning customer allowances being
(7) deducted by virtue of the invoices that are in
(8) Plaintiff's Exhibit 9, as the vehicle for the
(9) amount that Private Label received?

(10) A. Do I have understanding?

(11) Q. Do you have any understanding about
(12) these customer allowance invoices being the
(13) means by which Private Label received certain
(14) amounts when you drew down on the letter of
(15) credit?

(16) A. I don't have information about that so
(17) but if you want I can check it with my finance
(18) department and come back to you.

(19) Q. Is it your understanding that the Target
(20) letter of credit had Private Label's name on it?

(21) A. Definitely is, right. Notified party,
(22) as far as I know.

(23) Q. Were commissions paid to Christine Dente
(24) in connection with the sales of Atateks garments
(25) to Private Label for the account of Target?

(1)

I. ARSLAN

(2)

A. They're taken from the LC. There is no other commission for Private Label company.

(4)

(5)

Q. Were commissions ever paid to Christine Dente?

(6)

A. They don't take commissions from us.

(7)

(8)

Q. Did Atateks ever pay checks to Christine Dente?

(9)

(10)

(11)

(12)

(13)

(14)

(15)

(16)

(17)

(18)

(19)

(20)

(21)

(22)

(23)

(24)

(25)

A. I don't know because we don't work with commission basis with Private Label. Understand me? I don't know how you recall that but I will try to explain it this way. We take the LC. From the LC, their share is not commission. Their share is not commission. It is not a fixed thing. Commission is usually a fixed thing told before. They have a share in the LC. That, I don't call commission. Maybe term commission is confusing.

MR. BYLER: Let me mark as

Defendant's Exhibit 10, the following document Atateks letterhead.

(Document was marked Defendant's

Exhibit 10 for identification, as of this date by the reporter.)

Q. First let me ask you, do you know who

(1)

I. ARSLAN

(2)

Mehmet Karayel is?

(3)

A. He used to be superior manager to Bahar Akbulut.

(4)

Q. He was at Atateks in August of 2005?

(5)

A. I don't recall. Should be.

(6)

(7)

Q. Let me show you Defendant's Exhibit 10 which says, quote, "To whom it may concern, 150,000 U.S. dollar payment made to Christine Dente on May 4, 2005, is the commission fee that we paid for the service were given at Atateks Textile." I can't read the rest. Do you see that document?

(8)

A. Yes.

(9)

(10)

Q. I have read to you about a commission to Christine Dente. Do you understand?

(11)

(12)

A. I understand that. I wouldn't call it commission fee.

(13)

Q. What was it then?

(14)

(15)

(16)

(17)

(18)

(19)

(20)

(21)

(22)

(23)

(24)

(25)

A. Commission is a percentage given from an invoice, usually that way. Maybe they make this kind of business in 2005 when Mehmet Karavel was in charge at that time. I should not be working in Seamless company. I am not sure though because I did not work with Mehmet a lot. Only

(1) I. ARSLAN
(2) a couple of months. I was in the group but
(3) maybe I was not in Seamless company at that
(4) time. I am not pretty sure about it. Okay, if
(5) they say commission fee, they paid for it. I
(6) don't know.

(7) Q. Were ever commissions paid to Christine
(8) Dente by Atateks Group?

(9) A. Pardon me.

(10) Q. Commission payments, were there ever
(11) commission payments to Christine Dente paid by
(12) Atateks?

(13) A. To my knowledge, it was never commission
(14) for Christine Dente. It was a share. It was a
(15) cut from the invoice. I don't call it
(16) commission. Because they are buying and selling
(17) also. You understand? That's why I don't call
(18) them commission. Commissions are only for the
(19) agents, to my knowledge. Basul takes
(20) commission. They don't buy. They don't sell.
(21) They make service only.

(22) Q. Did Atateks make payments to Basul as
(23) commission?

(24) A. Yes.

(25) Q. Did Atateks also make payments to

(1) I. ARSLAN
(2) Christine Dente?
(3) A. Yes.
(4) Q. Were such payments made sometimes to
(5) Second Skin?
(6) A. For Second Skin?
(7) Q. To Second Skin.
(8) A. To Second Skin? Payments done to Second
(9) Skin?
(10) Q. Yes.
(11) A. I am sure.
(12) Q. From Atateks.
(13) A. From Atateks? I don't know for which
(14) reason though.
(15) Q. For payment in connection with an
(16) invoice?
(17) A. See, sometimes Christine Dente was
(18) instructing us to make the invoice at an agreed
(19) price for Target or for Private Label, okay.
(20) But she was asking for another accounting for
(21) her own private account. Understand me? So, if
(22) the money is going to her private account or to
(23) company, Private Label or company, Second Skin,
(24) we can check one-by-one, yes.
(25) MR. BYLER: I'll mark this as

- (1) I. ARSLAN
(2) Defendant's Exhibit 11.
(3) (Document was marked Defendant's
(4) Exhibit 11 for identification, as of
(5) this date by the reporter.)
(6) MR. BYLER: Defendant's Exhibit 11
(7) was an amounts claim by Atateks against
(8) Private Label Sourcing and Second Skin
(9) dated May 23, 2008. I will report on
(10) the record that the amount line item for
(11) Atateks payment to Christine Dente is
(12) being taken out of this damage
(13) calculation.
(14) MR. GRANNIS: That is correct. We
(15) are no longer claiming for this.
(16) MR. BYLER: That is for \$130,652,
(17) correct?
(18) MR. GRANNIS: Correct.
(19) Q. There is a page, and this is what I am
(20) going to show the witness. Atateks payments to
(21) Christine and Basul. I am asking with respect
(22) to these questions about payments by Atateks to
(23) Christine and Basul, were these not commission
(24) payments; that's what I was asking?
(25) A. Okay, I remember this. On the title it

(1) I. ARSLAN
(2) says Atateks payment to Christine and Basul, but
(3) actually these were only to Christine Dente.
(4) The letterhead is wrong because the payments are
(5) only for Christine Dente and Second Skin.

(6) MR. BYLER: Let me mark as
(7) Defendant's Exhibit 12 this document
(8) which I am handing the Court Reporter.
(9) (Document was marked Defendant's
(10) Exhibit 12 for identification, as of
(11) this date by the reporter.)

(12) Q. There was another damage calculation the
(13) day before May 22, which included this page for
(14) \$210,023.03 under the heading of Atateks
(15) payments for Christina, Basul and there is a
(16) line item there, is there not, for Basul?

(17) A. Damage calculation?

(18) Q. That was originally included in a damage
(19) calculation, a prior iteration of what was
(20) handed to us today, Defendant's Exhibit 11.
(21) There was a prior iteration the day before and I
(22) want to represent the record there was a page
(23) instead of what is now Defendant's Exhibit 11,
(24) what is Defendant's Exhibit 12 that included a
(25) line item for Basul, correct?

(1) I. ARSLAN

(2) MR. GRANNIS: That is correct.

(3) Q. You were looking at a page in which it
(4) was just for Christine Dente. I was showing you
(5) the original page which I think explains why you
(6) have the heading Atateks payments to Christine
(7) and Basul. Now I want, having that in front of
(8) you, to explain what these payments were for.

(9) A. Basul commission is a commission given
(10) to Basul. To my understanding it is called also
(11) commission. But Christine Dente and Second
(12) Skin, payments, I don't know how much of these
(13) or how much payments to Christine Dente on Basul
(14) commission or cut or something, you name it. I
(15) will tell you how it happens. As far as I
(16) recall, these are the payments done to Christine
(17) Dente private account, right?

(18) Q. Right.

(19) A. Then Christine Dente sometime later in
(20) our relationship while we were doing business,
(21) asked for two price for the same article to show
(22) it this way in accounting. For instance,
(23) something is to be billed to Private Label
(24) company from say \$4 but actually she had a
(25) bargain with us saying \$4.10. We had to show it

(1) I. ARSLAN

(2) as the real price is \$4.10 but in the invoicing
(3) he was asking to be shown as \$4. The remaining,
(4) say ten cents difference to be sent to her
(5) account, this account number. So, these were
(6) wire transfers to her account.

(7) Q. It is true, is it not that Second Skin
(8) never purchased garments from Atateks?

(9) A. Yes.

(10) Q. Are there any documents reflecting what
(11) you just described about this differential,
(12) between one price and another that resulted
(13) ultimately in what you say are these payments to
(14) Christine Dente?

(15) A. We have invoices. We have mails for how
(16) to invoice it and the difference where to
(17) transfer it. That's all I can tell. If you
(18) call it commission, name it commission. If you
(19) call it cut, name it cut, but to her private
(20) accountant and to her private company.

(21) In Second Skin she didn't have her
(22) expartner, Bruce Allen. The ownership was
(23) different but we were doing business altogether.
(24) You can name it. I don't know commission or
(25) what.

(1) I. ARSLAN

(2) Q. Do you know if the documents reflecting
(3) these transactions which you're referring to
(4) were turned over in this litigation?

(5) A. What is turned over?

(6) Q. Given to me. You referred to e-mails
(7) and invoices. Do you recall, do you know
(8) whether such documents were given by your
(9) counsel to me?

(10) A. I don't know.

(11) MR. BYLER: If they haven't been
(12) produced, we do request they be
(13) provided.

(14) MR. GRANNIS: Right. We likely
(15) already have produced them in the
(16) context of the e-mails that we forwarded
(17) to you but we will undertake to look and
(18) make sure we do.

(19) MR. BYLER: I didn't see anything
(20) like he just described. Or at least the
(21) way I understood he described it.

(22) Q. Were there any sell off of goods at all
(23) at any point in time in the customer
(24) relationship between Private Label and Atateks?

(25) A. Sell off the goods means?

(1)

I. ARSLAN

(2)

Q. Goods that were not accepted by Target that then were sold off in a secondary market.

(4)

(5)

(6)

(7)

(8)

(9)

(10)

(11)

(12)

(13)

(14)

(15)

(16)

(17)

(18)

(19)

(20)

(21)

(22)

(23)

(24)

(25)

A. There was something like that. To my knowledge, Target did not send something back after they received a delivery. Maybe only one problem we had. There was a color. I recall, because there was only one problem we had with Target, actually. A billiard green, that was a color, billiard green color, with that there might be recent return from Target to Private Label but I am not sure if they returned or not or they just made a charge back. I am not sure. Other than that, Target did not send back our delivery direct to Target back to Private Label. It never happened because if it's sold to Target, if it shipped to Target, Target does not deliver it back to us and I don't think they delivered it back to Private Label as well. This is to my knowledge. I don't know. You have to check it. I don't know.

MR. BYLER: Let me take a short

break.

(Brief recess was taken.)

FURTHER EXAMINATION

(1)

I. ARSLAN

(2)

BY MR. BYLER:

(3)

MR. BYLER: I am going to mark

(4)

these all and then we'll get done really fast.

(5)

(E-mails were marked Defendant's

(6)

Exhibit 13 through 15 for

(7)

identification, as of this date by the reporter.)

(8)

Q. Did Atateks ever receive any purchase orders from Second Skin?

(9)

A. I don't recall.

(10)

Q. You don't recall?

(11)

A. I don't recall because it is Second Skin or Private Label. I don't recall.

(12)

Q. In Defendant's Exhibit 1, they were all from Private Label, were they not?

(13)

A. I didn't check the orders one-by-one.

(14)

There were some of the orders maybe. Not all.

(15)

Q. Take a quick look.

(16)

A. These ones?

(17)

Q. These were the produced purchase orders by your counsel?

(18)

A. Are these the whole orders we received?

(19)

Q. I asked that question.

(1) I. ARSLAN

(2) somewhere else but set in on behalf of Morera
(3) U.S.A.

(4) Q. Defendant's Exhibit 13 is a collective
(5) exhibit that contains at the back, purchase
(6) orders from Private Label for Target and
(7) associated e-mails. I am going to hand you it
(8) and on the face it appears to be Thursday,
(9) November 16, 2006 e-mail from Richard Heard to
(10) Mabel at Private Label?

(11) A. Hand.

(12) Q. Hand. I am sorry.

(13) A. What is your question about this?

(14) Q. I am handing you this document and I am
(15) going to ask you, first of all, do you recall
(16) seeing the document ever being passed on to you?

(17) A. I don't recall. This is Richard and
(18) Mabel.

(19) Q. Do you recall anything about the matter
(20) that's the subject of the e-mail?

(21) A. Yes, I recall the topic here.

(22) Q. Tell us what your recollection is of
(23) this matter?

(24) A. Target gave an order to Private Label
(25) Sourcing company. We produced that. We

(1) I. ARSLAN
(2) delivered it to Private Label Sourcing Company's
(3) warehouse. So, Private Label company owned it.
(4) Later on Target wanted to cancel some of their
(5) orders at the time that the program for that
(6) style was ending. It usually happens when they
(7) end a program, they're trying to cancel if
(8) they're not happy with the sales. But it is
(9) between Private Label company and Target, not
(10) us. We didn't deliver these goods to Target.
(11) Normally, once we are shipping directly to
(12) Target, on the LC basis, it is irrevocable. It
(13) cannot be returned in the middle of the
(14) shipments or so on.

(15) These goods are sold to Private Label
(16) for the Target brands and then later on Target
(17) cancelled some of their orders with Private
(18) Label. Private Label company wanted to resell
(19) it in the market, at the closeout market. They
(20) had some offers from some Jobbers which they
(21) were not happy with those Jobbers' offers and we
(22) had better Jobbers through our office.

(23) Christine Dente or Nilda, I don't know,
(24) or maybe both asked for our help to sell it at a
(25) better price. That's why we had an offer. As

(1) I. ARSLAN

(2) far as I recall, we had an offer like thirty
(3) percent more a piece from their offer. So, they
(4) wanted us to sell those goods on behalf of them
(5) and Richard Hand and our office had a smaller
(6) earning on that. I don't know how many cents
(7) they added for their office profit by day. They
(8) took it to resell for the Jobber market. That's
(9) the story.

(10) Q. Do you recall what the problem was that
(11) caused Target to cancel the order for these
(12) goods?

(13) A. I don't recall that.

(14) Q. Do you know if in your accounting for
(15) damages this item for these goods is included?

(16) A. You mean this is invoiced, so if it is
(17) invoiced it is included in our --

(18) Q. Let me show you Defendant's Exhibit 14
(19) and ask you if you ever received a copy, first
(20) of all, of Defendant's Exhibit 14?

(21) A. This one?

(22) Q. Yes. On the second page you'll see the
(23) name of Morera.

(24) A. What is the question?

(25) Q. The question is --

- (1) I. ARSLAN
- (2) A. I did see this before.
- (3) Q. Are you familiar at all with Levinson?
- (4) A. No.
- (5) Q. Did, to your knowledge Private Label
- (6) make some of the sales of these garments?
- (7) A. Make sales?
- (8) Q. Sell off some of these garments that
- (9) Target had cancelled?
- (10) A. Should be doing. I don't know which
- (11) items.
- (12) Q. But Atateks sold off at least some of
- (13) these garments, correct?
- (14) A. Once, yes, I remember. I don't know if
- (15) they did it more because I don't have a cc
- (16) between their communication all the times. If
- (17) they did it.
- (18) Q. When Atateks sold the garments in this
- (19) situation that you have been testifying about,
- (20) did they keep the money from them? When Atateks
- (21) sold these garments that you're describing in
- (22) this transaction, this group, did Atateks keep
- (23) the money from the sales that they paid?
- (24) A. I see. To my knowledge, what they did
- (25) is -- I am not sure. They sold it at the agreed

(1)

I. ARSLAN

(2)

price with Private Label's price. They bought it, as far as I know, for \$1.20 per piece. That was one transaction. All I remember. And from \$1.20 they bought it from Private Label company. I don't know how many pieces and how much is the total amount but that amount, that amount was not given to Private Label. It was transferred -- it was deducted from the Atateks' receivables. So, their account was credited, but we didn't pay back, as far as I know, but they should check accounting. They should check the books. I don't know. I didn't check it.

(14)

MR. BYLER: We are done.

(15)

(Thereupon, the deposition was

(16)

concluded at 2:30 p.m.)

(17)

(18)

(19)

(20)

(21)

(22)

(23)

(24)

(25)

(1)

(2) A C K N O W L E D G M E N T

(3)

(4) STATE OF NEW YORK)

(5) :ss

(6) COUNTY OF NEW YORK)

(7) I, ILHAN ARSLAN, hereby certify that I have
(8) read the transcript of my testimony taken under
(9) oath on May 23, 2008; that the transcript is a
(10) true, complete and correct record of what was
(11) asked, answered and said during this deposition,
(12) and that the answers on the record as given by
(13) me are true and correct.

(14)

(15)

(16)

Ilhan Arslan

(17)

(18)

Signed and subscribed to
before me this _____ day
of _____, 2008.

(22)

(23)

Notary Public

(24)

(25)

(1)

(2) C E R T I F I C A T E

(3)

(4) STATE OF NEW YORK)

(5) :ss

(6) COUNTY OF NEW YORK)

(7)

(8) I, LAURA LIOTINE, a Notary Public within and
(9) for the State of New York, do hereby certify:(10) That the witness whose examination is
(11) hereinbefore set forth was duly sworn and that
(12) such an examination is a true record of the
(13) testimony given by such a witness.(14) I further certify that I am not related to
(15) any of these parties to this action by blood or
(16) marriage, and that I am not in any way
(17) interested in the outcome of this matter.(18) IN WITNESS WHEREOF, I have hereunto set my
(19) hand this 26th day of May, 2008.

(20)

(21)

(22) LAURA LIOTINE

(23)

(24)

(25)

(1)

(2) INDEX

(3) EXAMINATION OF ILHAN ARSLAN

(4) EXAMINATION BY PAGE

(5) Mr. Byler 4

(6)

(7) EXHIBITS

(8) MARKED FOR IDENTIFICATION

(9) DEFENDANT'S DESCRIPTION PAGE

(10)			
(11)	1	Invoices	27
	2	Documents	47
(12)	3	Factory Audit	47
	4	Audit report	49
(13)	5	Debit note	75
	6	Invoice	79
(14)	7	Checks	83
	8	Letter	87
(15)	9	Invoice	93
	10	Letter	97
(16)	11	Document	100
	12	Document	102
(17)	13 - 15	Documents	107

(18)

(19) REQUESTS FOR PRODUCTION

(20)	DESCRIPTION	PAGE
(21)	Checks of Christine Dente	86
(22)	E-mails and invoices	105
(23)	Purchase orders for Second Skin	108
(24)		
(25)		